

SB/SE Exam Reengineering Project Talking Points

The Small Business/Self-Employed (SB/SE) Operating Division of the Internal Revenue Service (IRS) is launching an initiative called the "SB/SE Exam Process Reengineering Project," to redefine the way SB/SE conducts audits. Through this initiative, the SB/SE will increase compliance and customer satisfaction, and become a more effective and efficient Operating Division. SB/SE anticipates that by implementing the recommended changes to the exam process, business results will be positively impacted starting in fiscal year 2002.

Who Is SB/SE?

The SB/SE Operating Division of the IRS serves 45 million taxpayers including small business owners and self-employed individuals. Small business owners and self-employed individuals contribute approximately \$915 billion dollars annually to the federal treasury – more than any other group of taxpayers. These taxpayers have very complex tax issues due to tax law requirements and the number of forms required. SB/SE's mission is to provide their customers top quality service by educating and informing them of their tax obligations, so they understand and comply with applicable laws.

While SB/SE 'stood-up' as a new entity in October 2000, the exam selection and collection processes have remained relatively the same for over 20 years. Now, SB/SE is focusing on reviewing major work processes and tailoring them to reflect the new organization's goals and objectives including increasing voluntary compliance, creating a more effective enforcement presence, strengthening division effectiveness, and increasing customer satisfaction. The Exam Reengineering Project is also exploring opportunities to apply commercial and government leading practices to achieve these goals. Additionally, stakeholders are being interviewed to identify improvement opportunities and to learn what they want out of the Project.

What Is Exam Reengineering Exactly?

The Exam Reengineering Project lays out a blueprint to improve the exam process. Under this step-by-step approach, the scope and objectives of the Exam Reengineering Project are first defined, which leads to a learning process with stakeholders, including IRS employees. This information is used to build a knowledge baseline and to create a vision for the future or a "blueprint" for action. The key step in this approach involves designing and implementing solutions to bridge the gap between where SB/SE is today - and where they want to be in the future. Finally, once these steps are completed, SB/SE can

develop an implementation plan based upon current processes and structures, and the future vision.

The steps of the Exam Reengineering Project are outlined below:

Phase I – May 2001

- Exam Strategy
- Stakeholder Analysis
- Baseline
- Leading Practices
- Stakeholder Communication
- Program Management

Phase II – August 2001

- Blueprinting
 - Process Design
 - Outline of Structure
- Stakeholder Communication
- Program Management

Phase III – Complete April 2002

- Implementation
- Stakeholder Communication
- Program Management
- Performance Measurement

What are the goals of the Exam Reengineering Project?

- Streamline examination processes, reduce taxpayer time and expense in dealing with the Service;
- Increase SB/SE effectiveness and timeliness in examining returns, collecting taxes, and resolving taxpayer issues, and;
- Reduce and redirect expenditures within SB/SE to improve operational results.

Who Is In Charge Of The Exam Reengineering Project?

SB/SE Commissioner Joseph Kehoe and Deputy Commissioner Dale Hart established the priorities for the examination work processes and the products and services to be reviewed and reengineered. IRS employees from around the country volunteered to serve on the Exam Reengineering team headed by Project Director Bill Conlon. Together they are providing the institutional knowledge and field experience that is integral to the Project.

SB/SE is also partnering with two key industry experts: Booz-Allen & Hamilton, a renowned consulting firm with expertise in analytical, strategic, objective change processes, and business process reengineering, and Deloitte and Touche, a big-5 accounting firm with a broad knowledge of tax administration, financial/audit best practices, and involvement in taxpayer facing associations. Together, the diversity of these IRS-consultant teams are contributing to the overall success of this critical initiative.

Why Is This Process Being Applied To SB/SE Now?

It's imperative for SB/SE to make continual improvements while seeking new ways to efficiently and effectively achieve the IRS's mission of service to each taxpayer through a quality work environment. These goals can only be met by making specific changes to examination work processes and developing approaches that are specifically tailored for the Division's customer base and employee needs. Moreover, the Exam Reengineering Project isn't just about change; it's about making a long lasting, positive impact on the entire organization. Commissioner Kehoe said, "We're going to give our employees the means to work smarter and more efficiently, and when we're done, we will not only meet – but exceed the expectations of our employees and our customers.'

SB/SE leadership believes that all employees have the opportunity to contribute to the Exam Reengineering effort by providing input into process improvements as they evolve. Commissioner Kehoe said, "Improving our business processes is a team effort, and by sharing your knowledge and experience, the Exam Reengineering Project will be a success. Incremental change isn't enough to bring us closer to our goal of providing the best service to our customers. Together, we can rebuild the Exam Reengineering process, and when we're done, we will all reap the benefits of working better and smarter for years to come."